MANAGED HEALTH CARE IMPROVEMENT TASK FORCE
AUGUST 7, 1997 PUBLIC HEARING - NOTES

Thursday, August 7, 1997
107 South Broadway
First Floor Auditorium, Junipero Serra State Building
Los Angeles, California

I. CALL TO ORDER AND OPEN THE HEARING [Chairman Alain Enthoven, Ph.D.] 3:30PM

The sixth and final public hearing of the Managed Health Care Improvement Task Force [Task Force] was called to order by Chairman, Dr. Alain Enthoven, immediately following the adjournment of the Task Force Business Meeting.

Chairman Enthoven thanked the public for attending today's hearing and encouraged people to target their comments at ways in which the managed health care system should be changed to better address the needs of all Californians. The Chairman also requested that members of the public keep their comments concise and non-duplicative. Chairman Enthoven then introduced the first speaker.

II. PUBLIC TESTIMONY

1. Zoe Ann Murray - Chair of the Health Subcommittee of the American Association of Retired Persons.

Ms. Murray stated that the Governor should not use the Task Force as a reason for vetoing managed care bills. She stated that the AARP's constituents are concerned about lack of care coordination and the hampered ability of physicians to advocate on their patients' behalf under managed care. She felt government has a duty to protect consumers and counterbalance managed care's incentives to restrict care. She offered written testimony presenting ten areas for consumer protection, including the appeals process, disclosure of financial incentives, safe discharge, access to second opinions, response times, and disclosure of authorization criteria.

2. Joseph A. Cislowski - Executive Director of the Center for Health Care Rights.

Mr. Cislowski stated that there was widespread uncertainty about the impact of managed care reform, noting that the Center's studies suggest that "dramatic demographic shifts and volatile health policy environments are jeopardizing the safety net for health care consumers."

In concluding his remarks, Mr. Cislowski asked the Task Force members to bear in mind the importance of consumer-empowering programs such as the health insurance counseling advocacy program when making their recommendations.

3. Vincent Miller - President of Berkeley Economic Research Associates.

Mr. Miller argued that managed care's problems could be overcome by empowering the patient and institutionalizing the idea of consumer sovereignty. He stated that to empower consumers the financial intermediary roles of employers and governments must be minimized. He also stated that there are improper provider incentives under both managed

care and fee for service arrangements. He felt that these problems could be addressed through risk adjustment, given the proper authority.

4. Stuart Cohen M.D. - a private practice pediatrician and President of the American Academy of Pediatrics, San Diego and Imperial Counties Chapter.

Dr. Cohen suggested that the Task Force ensure that vaccines are carved out of any capitated payments and paid separately to the provider. He also advocated creating a universally accepted annual audit of medical groups. He also requested that all managed care plans allow for reasonable access by referral to pediatric subspecialists. In closing, he noted that providing quality coverage for children benefits society by investing in children's health.

5. Jamie Court - Consumers for Quality Care.

Mr. Court expressed his desire to see the Task Force address the issue of capitation and at least make a recommendation about disclosure of capitation rates. Second, he urged the Task Force to recommend that only qualified physicians be able to deny care. Third, he recommended improvements in HMO accountability and liability. Finally, he urged the Task Force to consider the effects of the HMO industry's rapid consolidation.

6. Terry Johnson - HMO member.

As a bereaved parent, Mr. Johnson told of the "unfairness and injustice" he and his wife received from their HMO and the way in which the Department of Corporations handled their formal complaint. Mr. Johnson inquired as to where consumers should go when the Department of Corporations falls short of its responsibilities. He submitted written testimony to the Task Force.

7. Vince Riccardi, M.D. - President of the American Medical Consumers of California.

Mr. Riccardi made three recommendations to the Task Force members. First, he recommended that all managed care committees, including utilization review and credentialing committees, have consumer/patient participants. Second, he recommended that patients' personally maintained medical notes should be an equally important part of their medical record. Third, he recommended more reasonable utilization of the term "non-compliance."

8. Paul Bronston M.D. - Chairman of the Ethics Committee of the American College of Medical Quality.

Dr. Bronston argued that whatever regulatory board the Task Force ultimately sanctioned, that board should have the expertise to evaluate the system, sufficient staff to ensure thorough investigation, and sufficient enforcement capabilities.

In illuminating his remarks, Dr. Bronston believed that there were three fundamental issues that have to be addressed: financial incentives, protection of the patient/physician relationship, and provider credentialing.

9. Laura Remson Mitchell - public policy analyst.

Following submission of material to the Task Force members, Ms. Mitchell stated that people with disabilities and chronic illnesses are often the first members of society to feel the repercussions of defective HMOs. Ms. Mitchell argued that the Task Force should level the playing field between health plans so that bad plans do not drive good plans out of business.

10. Patti Strong - consumer.

Ms. Strong stated that people with disabilities are a vulnerable population, often with multiple vulnerabilities. She noted that people with disabilities need rehabilitation to maintain functional status and independence, and that the need changes with age. She urged the Task Force to keep the aging, disabled population in mind when making recommendations.

11. Jeanne Brewer, M.D. - member of Californian Physicians' Alliance.

Dr. Brewer remarked upon the similarities between medical groups and HMOs and questioned who regulates medical groups. She was concerned that medical decisions are being made at a distance, over the phone, without accountability, and for financial gain. Dr. Brewer argued that medical directors and partners in medical services organizations should be held accountable.

12. Claudia Jensen, M.D.

As a former employee of a managed care medical group, Dr. Jensen stated that medical groups strongly encourage physicians to be silent on perceived quality of care violations. She felt that medical groups should be liable and accountable for the decisions they make. She also recommended that the Task Force address financial incentives, encourage patient participation in the utilization review process, and encourage more factual marketing.

13. Maxine Stewart, R.N.

Ms. Stewart described difficulties obtaining care outside of her HMO for her spinal injuries. She stated she had sought outside help due to a lack of expertise within the HMO and she therefore requested that Task Force members make it mandatory for the industry to offer such specialized treatment.

14. Robert Peck, M.D.

Dr. Peck asked the Task Force to consider the needs of traditional Medicare providers who operate outside of Medicare managed care. He urged the Task Force to recommend that HMOs not fire physicians without cause and that they not deny care without stated reasons and second opinions.

15. Norman Shrifter, M.D.

As a former medical director of an IPA, Dr. Shrifter felt that managed care is “denigrating, insulting, demeaning, and… not good.” He also described being fired without cause.

16. Paul Carlson M.D.

Describing a study in the July 9, 1997 issue of the Journal of the American Medical Association entitled ‘Medical Record Abstraction Form and Guidelines for Assessing Quality of Care’, Dr. Carlson noted that the study concluded that patients in Medicare HMOs who experience strokes are more likely to be admitted to nursing homes than to rehabilitation centers. Dr. Carlson offered the article as evidence of the inadequacies of many HMOs and asked that the Task Force members take into account such practices when reaching their conclusions.

17. Robert Park.

Citing his mother’s experience within an HMO, Mr. Park asked the Task Force to consider implementing mandatory second opinions.

18. Max Churchen - Chair of the Los Angeles Region of the Congress of Californian Seniors.

Mr. Churchen submitted a fact sheet to the Task Force about a legislative package called the Patients’ Bill of Rights.

19. Jennifer Palm, R.N. - Director of Utilization and Quality Management in Blue Cross’s Medi-Cal division.

Ms. Palm urged the Task Force to find ways to improve rather than “delete” managed care. She gave an overview of the utilization management system at Blue Cross.

20. Dawn Wood, M.D. - Medical Director for Blue Cross’s Medi-Cal managed care plan.

Dr. Wood felt that managed care has improved the delivery of health care in California and urged the Task Force to make recommendations that will allow the industry to continue to evolve and that will allow free market competition. She stated that Medi-Cal managed care has improved access to care, allowed broader selection of providers, and incorporated traditional and safety net providers.

21. Sue Glenn, R.N. - United Nurses Association.

Ms. Glenn felt that managed care has limited nurses’ ability to deliver necessary patient care and has restricted the time nurses can viably spend with patients. She stated that registered nurses are leaving the profession over quality of care issues.

22. Rhonda Goode, R.N.

Ms. Goode described quality of care issues and denounced the Governor's plan to veto pending patient protection legislation. She also criticized the current private hospital accreditation organization and asked the Task Force to recommend a state agency accredit all hospitals within the state.

23. Matthew Margulies, M.D.

Dr. Margulies discussed provider termination without cause and the physician-patient relationship. He stated that health care decisions should not be based on cost containment.

24. Dr. Lloyd Friesen - Director of Government Affairs for the California Chiropractic Association.

Dr. Friesen discussed various bills currently being considered by the Legislature. He stated that the CCA was in favor of legislation changing the managed care system provided that legislation is provider-neutral and that the system is changed "in a cohesive manner rather than piecemeal."

25. Bob McCloskey - HMO member and health professionals union representative.

Mr. McCloskey described difficulties his physician experienced under managed care. He felt that the managed care system today is driven by profits, which is dramatically impacting hospital staffing and length of stay. He encouraged the Task Force to consider such issues.

26. Doris Gilbert - patient.

Ms. Gilbert described her daughter's difficulties in accessing services from her HMO. She stated that her experiences with managed care "greatly intensified anxiety, frustration and real suffering."

27. Gordon Schaine, M.D.

Dr. Schaine advocated doctor-owned, doctor-supervised managed care medical groups. He praised managed care, stating that medical insurance costs in California had been reduced by some 25% in the last three years, that his HMO's patient satisfaction rate is 95%, and that managed care groups have "layer upon layer" of quality control.

28. Mary Carr- Deputy Director of Ventura County Medical Society.

Ms. Carr stated that IPAs and HMOs often do not adhere to their contracts with physicians and instead arbitrarily decrease benefits and co-pays and delay authorizations and payments.

29. Damiana Chavez - Kaiser Permanente member.

Mr. Chavez praised his experiences with his HMO.

30. Barry Levy.

Mr. Levy was concerned with state regulatory agencies' failure to protect the public. He cited several examples from dental managed care organizations.

31. Nancy Greep, M.D.

Dr. Greep stated that her ability to deliver quality, comprehensive, sensitive care has been compromised by managed care and the invasion of corporate, for-profit medicine. She urged the Task Force members to support the Patient Bill of Rights and to recommend eliminating for-profit care or limiting the amount of profit managed care companies can take out of the health care system.

32. Virginia Whittig – former president of the California Association of Psychiatric Mental Health Nurses in Advanced Practice.

Ms. Whittig noted that non-medical licensed health care providers are "underutilized sources of cost-effective care." She stated that not all managed care plans accept such providers into their panels, not all list such providers in their provider directories, and some require higher member payments to see such providers. She asked the Task Force to broaden access to non-medical licensed providers.

33. Jim Marx - patient.

Mr. Marx detailed a personal experience of misinformation and misdiagnosis and simply asked the members to reform the health care system to prevent others from having similar experiences.

34. John Bibb, M.D.

Dr. Bibb complained that the reasonable person standard as outlined in SB-1832 (Bergson) only applies to out-of-plan emergency rooms and not in-plan emergency rooms or to ERISA plans. Dr. Bibb requested that the Task Force address the discrepancy.

35. Robin Doroshow, M.D – President-elect of California Chapter 2 of the American Academy of Pediatricians.

Dr. Doroshow was concerned that many managed care plans do not offer access to pediatric subspecialists. She asked the Task Force to recommend requiring such access.

36. Judith Porter - office manager for her husband's practice.

Ms. Porter described difficulties obtaining authorizations and payments for treatment. She stated that her husband often is not reimbursed for the care he gives. She also stated that patients who have difficulties navigating their plan's system often turn to her for help.

37. Ralph Reece - California Health Protection Fund.

Mr. Reece called for policing of health care contracts at the state level. He criticized the state government and the Governor for failing to monitor the managed care system, concluding that the eyes of California were upon the Task Force.

38. Kim Vuong.

Ms. Vuong criticized Medi-Cal managed care. She recommended mandating that all managed care plans allow second opinions and precautionary exams after all accidents. She also recommended removal of the 15-day maximum physical therapy limit and advocated funding to support disabled persons' ability to live independently and avoid institutionalization.

39. Cy Cy Lambert.

Ms. Lambert described her experiences as a mother of a spinal cord injured child and a volunteer caregiver. She wished the Task Force members luck in their endeavors. She provided written materials.

40. Tracey Lovelace – pharmacist.

Mr. Lovelace described the need for guidelines for HMOs preparing to serve Los Angeles County's Medi-Cal population. Mr. Lovelace stated that HMOs are discriminating against independent pharmacies, even though independent pharmacies provide valuable services, such as delivery, counseling, and alternate languages, that chain pharmacies do not.

III. ADJOURNMENT [Chairman Enthoven] –7:00PM

Chairman Enthoven stated that without objection, the hearing would be closed. Seeing and hearing no objection, the Chairman closed and adjourned the hearing.

Prepared by: Stuart McVernon